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DE RUEHKA #0174/01 0491053
ZNY CCCCC ZZH
O 181053Z FEB 09
FM AMEMBASSY DHAKA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8309
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUEHLO/AMEMBASSY LONDON PRIORITY 1980
RUEHGO/AMEMBASSY RANGOON PRIORITY 2764
RHHJJPI/PACOM IDHS HONOLULU HI PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000174

SIPDIS

E.O. 12958: DECL: 02/17/2019
TAGS: [PTER](#) [PREL](#) [ETRD](#) [EWWT](#) [IN](#) [BG](#)
SUBJECT: BANGLADESH, INDIA TALK SECURITY AND TRADE BUT
APPEAR TO MAKE LITTLE HEADWAY

REF: DHAKA 57

Classified By: CDA a.i. Geeta Pasi. Reasons: 1.4 (b) and (d)

SUMMARY

¶1. (C) Indian External Affairs Minister Pranab Mukherjee's one-day visit to Bangladesh on 2/9 generated neighborly goodwill but not much progress in the two key areas of cross-border security and trade. Prime Minister Sheikh Hasina's proposed regional security task force was discussed but details still needed to be fleshed out; in the meantime, India wanted to increase cooperation between the two nations' intelligence agencies. The two nations signed treaties on trade and investment during the visit, but issues left unresolved were Bangladesh's huge bilateral trade deficit and India's desire to ship commercial goods to its far northeastern states through Bangladesh. Still, the brief talks got the ball rolling on a wide range of issues and held out the prospect of improved relations in the future.

A WELCOME VISIT

¶2. (C) Bilateral relations received a shot in the arm with the landslide victory of the Awami League in Parliamentary elections because of the party's historically friendly ties with India (reftel). Mukherjee's decision to visit Bangladesh despite his increased domestic responsibilities due to the Indian Prime Minister's heart surgery indicated India's strong desire to move relations forward. During his lightning visit, Mukherjee met with Prime Minister Hasina and a host of senior officials, including the ministers of home affairs and foreign affairs. His visit was the lead item in local media on 2/10 and resulted in several days of media analysis about bilateral relations.

SECURITY TOP OF INDIA'S AGENDA

¶3. (C) Security issues topped Mukherjee's agenda. India argues that its domestic extremist groups operate from Bangladesh and that transnational Islamist terrorists launch attacks on India from Bangladesh. One of Hasina's major initiatives is to create a regional security task force to foster counterterrorism cooperation, but the visit did not result in a breakthrough. "I think they (Bangladesh leaders) do not have a very clear idea of what this means," the Indian High Commissioner to Bangladesh, Pinak Ranjan Chakravarty, told Ambassador Moriarty in a 2/12 read-out of the visit. Mehdi Hasan, a director in the Bangladesh Ministry of Foreign Affairs with responsibility for South Asia, acknowledged to PolOff the task force concept was still in an embryonic

stage. He said the Mukherjee visit was useful to get input from India, and he noted the proposed task force would be discussed with a special Pakistani envoy during his visit to Dhaka in mid-February. Consultations with other regional countries would precede any formal task force proposal, Medhi said.

14. (C) India and Bangladesh already have mechanisms for dealing with security issues bilaterally, including regular meetings between home secretaries and border patrol forces. Chakravarty said India's "initial thinking" for expanded bilateral cooperation was to increase contact between intelligence agencies. He said India had suggested intelligence chiefs meet regularly, and said the Bangladesh proposal for a security task force might best be structured around intelligence agencies.

BANGLADESH WANTS TO REDUCE TRADE DEFICIT

15. (C) Mukherjee signed two trade and investment agreements, including an extension of an existing accord, but neither side appeared to achieve much on long-standing trade issues. Bangladesh, for example, is keen to reduce its trade deficit with India; Indian exports are about \$3.3 billion annually while Bangladeshi exports are roughly \$400 million; neither figure includes massive illegal border trade. Bangladesh argues the imbalance is at least partly due to a long list of its products denied duty-free status by India and to non-tariff barriers, such as lengthy testing requirements for perishable goods and onerous, non-standardized documentation

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requirements. Chakravarty said India asked Bangladesh for a list of export items that do not receive duty-free treatment for review by New Delhi.

16. (C) India again made a pitch for commercial transit rights that would allow it to ship goods from one point in India to another via Bangladesh. (Note: The most direct route from subcontinental India to its states in the far northeast is via Bangladesh. End note.) As one example, Mehdi said India wanted to ship containers by river through Bangladesh to an inland port near the border with Tripura state, where the goods could be off-loaded and trucked the short remaining distance to eastern India. Mehdi said transshipment issues were highly sensitive among Bangladeshis, a fact that Chakravarty acknowledged when he told the Ambassador: "We are not in a hurry."

AND THE OTHER STUFF

17. (C) Bangladesh told Mukherjee it wanted to upgrade its antiquated railways, and he said India would extend credit for the project. The minister also suggested the two nations' work on a comprehensive bilateral agreement to fight organized crime, Chakravarty said. Another topic of discussion was reinforcing embankments of border rivers so they don't change course. India also wanted Bangladesh to help New Delhi finish putting up a fence along their lengthy common border, but Chakravarty said Bangladesh was reluctant to do so because of lucrative cattle smuggling from India.

COMMENT: GETTING THE BALL ROLLING

18. (C) Although Mukherjee's brief visit was short on deliverables, the real significance was to signal both sides' desire to set a positive tone for bilateral relations at the very beginning of the Awami League government. Medhi said the relationship had been "stalled for some time" during the temporary Caretaker Government but would move forward on a

number of fronts during the Hasina administration. He said Bangladesh Foreign Minister Dipu Moni had received an invitation to visit New Delhi and was likely to do so in the near future. The outcome of that meeting and other possible high-level visits in the next year will indicate just how committed the two sides are to improving an often prickly relationship that is key to fighting terrorism in this strategic corner of the world. The U.S. Government, which maintains friendly relations with India and Bangladesh, can play a positive role in nurturing bilateral cooperation. As one example, Embassy Dhaka has proposed to the State Department Office of Counterterrorism a Track Two program to bring regional civil society and government leaders together to discuss security issues in South Asia.

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